



**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 1995 ASSEMBLY BILL 776**

May 1, 1996 – Offered by Representative LEHMAN.

1 **AN ACT to repeal** 565.02 (1) (a) and 565.37 (4); **to amend** 16.84 (title), 20.505 (5)
2 (ka), 20.566 (8) (v), 25.75 (1) (c) (intro.), 25.75 (2), 79.10 (10) (d), 561.06 (1),
3 561.06 (2), 561.06 (3), 561.06 (4), 565.02 (1) (b) 4., 565.02 (2) (b), 565.02 (2) (c)
4 3., 565.02 (3) (intro.), 565.02 (3) (b) 6., 565.02 (4) (intro.), 565.10 (1), 565.10 (7)
5 (b), 565.10 (8), 565.10 (14) (b), 565.10 (15), 565.12 (2), 565.12 (3), 565.17 (5)
6 (title), 565.25 (1m), 565.25 (2) (a) 6., 565.27 (1) (intro.), 565.27 (2) (a), 565.30 (1),
7 565.30 (3) (b), 565.30 (5), 565.32 (1), 565.32 (3) (a) (intro.), 565.37 (3), 565.40 (1)
8 and 565.46; **to repeal and recreate** 16.84 (3), chapter 561 (title), 561.02,
9 565.05 (1) (intro.), 565.05 (1) (a) and 565.17 (5) (a); **to create** 79.10 (10) (bm),
10 79.10 (10) (f) and 565.017 of the statutes; and **to affect** 1995 Wisconsin Act 27,
11 section 9123 (6ps) (f); **relating to:** a social security number requirement for
12 audited lottery tax credit claims; special charges relating to lottery credit
13 claims; creating a penalty for intentionally filing false lottery credit claims;
14 transferring all state lottery rule-making and policy-making functions from
15 the gaming board to the department of revenue; authorizing the department of
16 revenue to enter into contracts with the department of administration or any

1 other person for the performance of any security function relating to the state
2 lottery; eliminating the requirement that a nationwide search be conducted for
3 the administrator of the lottery division in the department of revenue; and
4 granting rule-making authority.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

5 **SECTION 1.** 16.84 (title) of the statutes is amended to read:

6 **16.84 (title) Real estate and physical plant management; protection of**
7 **persons; lottery security functions.**

8 **SECTION 2.** 16.84 (3) of the statutes, as created by 1995 Wisconsin Act 27, is
9 repealed and recreated to read:

10 16.84 (3) Contract with the department of revenue for the performance of any
11 lottery security function under ch. 565, if so requested by the department of revenue.

12 **SECTION 3.** 20.505 (5) (ka) of the statutes, as affected by 1995 Wisconsin Act 27,
13 is amended to read:

14 20.505 (5) (ka) (title) *Facility operations and maintenance; police and*
15 *~~protection~~ lottery security functions.* The amounts in the schedule for the purpose of
16 financing the costs of operation of state-owned or operated facilities that are not
17 funded from other appropriations, including custodial and maintenance services;
18 minor projects; utilities, fuel, heat and air conditioning; costs incurred under s.
19 16.895 by or on behalf of the department; repayment to the energy efficiency fund
20 loans made to the department under s. 16.847 (6); and supplementing the costs of
21 operation of child care facilities for children of state employees under s. 16.841; and
22 for police and ~~protection~~ security functions under s. 16.84 (2) and (3). All moneys
23 received from state agencies for the operation of such facilities, parking rental fees

1 established under s. 16.843 (2) (bm) and miscellaneous other sources, all moneys
2 received from assessments under s. 16.895, all moneys received for the performance
3 of ~~gaming protection~~ lottery security functions under s. 16.84 (3), and all moneys
4 transferred from the appropriation account under s. 20.865 (2) (e) for this purpose
5 shall be credited to this appropriation account.

6 **SECTION 4.** 20.566 (8) (v) of the statutes, as affected by 1995 Wisconsin Act 27,
7 is amended to read:

8 20.566 (8) (v) (title) *On-line vendor Vendor fees*. From the lottery fund, a sum
9 sufficient to pay vendors for ~~on-line~~ services and supplies provided by the vendors
10 under contract under s. 565.25 (2) (a).

11 **SECTION 5.** 25.75 (1) (c) (intro.) of the statutes is amended to read:

12 25.75 (1) (c) (intro.) "Lottery proceeds" means the remainder of the ~~gross~~ lottery
13 fund revenues after deducting all of the following:

14 **SECTION 6.** 25.75 (2) of the statutes, as affected by 1995 Wisconsin Act 27, is
15 amended to read:

16 25.75 (2) CREATION. There is created a separate nonlapsible trust fund known
17 as the lottery fund, to consist of ~~gross~~ lottery fund revenues ~~received by the~~
18 ~~department of revenue.~~ Lottery fund revenues include gross lottery revenues and
19 penalties collected under s. 79.10 (10) (f).

20 **SECTION 7.** 79.10 (10) (bm) of the statutes is created to read:

21 79.10 (10) (bm) If the department of revenue audits a lottery credit claim, the
22 department may require the claimant to include the claimant's social security
23 number on the claimant's response to an audit questionnaire.

24 **SECTION 8.** 79.10 (10) (d) of the statutes is amended to read:

1 **(2) DEPARTMENT OF REVENUE.** The department of revenue shall coordinate and
2 regulate all activities relating to, and promulgate all rules relating to, the state
3 lottery under ch. 565.

4 **SECTION 12.** 561.06 (1) of the statutes, as affected by 1995 Wisconsin Act 27,
5 is amended to read:

6 561.06 (1) ~~Subject to s. 565.25 (1m), provide~~ Provide all of the security services
7 for the gaming operations under chs. 562 to 564 and 569.

8 **SECTION 13.** 561.06 (2) of the statutes is amended to read:

9 561.06 (2) Monitor the regulatory compliance of gaming operations under chs.
10 562 to 564 and 569.

11 **SECTION 14.** 561.06 (3) of the statutes is amended to read:

12 561.06 (3) Audit the gaming operations under chs. 562 to 564 and 569.

13 **SECTION 15.** 561.06 (4) of the statutes is amended to read:

14 561.06 (4) Investigate suspected violations of chs. 562 to 564 and 569.

15 **SECTION 16.** 565.017 of the statutes is created to read:

16 **565.017 Lottery security.** Subject to s. 565.25 (1m), the department may
17 provide any security services for the lottery operations under this chapter or may
18 contract with the department of administration or any person for the provision of any
19 security services for the lottery operations under this chapter.

20 **SECTION 17.** 565.02 (1) (a) of the statutes, as affected by 1995 Wisconsin Act 27,
21 is repealed.

22 **SECTION 18.** 565.02 (1) (b) 4. of the statutes, as affected by 1995 Wisconsin Act
23 27, is amended to read:

24 565.02 (1) (b) 4. A violation of a provision of this chapter or rule of the board
25 department relating to the state lottery.

1 **SECTION 19.** 565.02 (2) (b) of the statutes, as affected by 1995 Wisconsin Act 27,
2 section 6978b, is amended to read:

3 565.02 (2) (b) The administrator shall appoint and supervise employees, as
4 specified by the ~~board~~ department by rule under sub. (3) (a), as necessary to carry
5 out the duties of the administrator.

6 **SECTION 20.** 565.02 (2) (c) 3. of the statutes, as affected by 1995 Wisconsin Act
7 27, is amended to read:

8 565.02 (2) (c) 3. A violation of a provision of this chapter or rule of the ~~board~~
9 department relating to the state lottery.

10 **SECTION 21.** 565.02 (3) (intro.) of the statutes, as affected by 1995 Wisconsin
11 Act 27, is amended to read:

12 565.02 (3) (intro.) The ~~board~~ department shall promulgate all of the following
13 rules:

14 **SECTION 22.** 565.02 (3) (b) 6. of the statutes, as affected by 1995 Wisconsin Act
15 27, is amended to read:

16 565.02 (3) (b) 6. Qualifications for retailers, in addition to those under this
17 section, as determined by the ~~board~~ department.

18 **SECTION 23.** 565.02 (4) (intro.) of the statutes, as affected by 1995 Wisconsin
19 Act 27, is amended to read:

20 565.02 (4) (intro.) The ~~board~~ department may promulgate all of the following
21 rules:

22 **SECTION 24.** 565.05 (1) (intro.) of the statutes, as affected by 1995 Wisconsin
23 Act 27, is repealed and recreated to read:

1 565.05 (1) (intro.) No employe of the department who performs any duty
2 related to the state lottery or the executive assistant or the secretary or deputy
3 secretary of revenue may do any of the following:

4 **SECTION 25.** 565.05 (1) (a) of the statutes, as affected by 1995 Wisconsin Act 27,
5 is repealed and recreated to read:

6 565.05 (1) (a) Have a direct or indirect interest in, or be employed by, any
7 vendor while serving as an employe in the department and performing any duty
8 related to the state lottery or as the executive assistant or as secretary or deputy
9 secretary of revenue or for 2 years following the person's termination of service.

10 **SECTION 26.** 565.10 (1) of the statutes, as affected by 1995 Wisconsin Act 27,
11 is amended to read:

12 565.10 (1) SELECTION OF RETAILERS; RETAILER CONTRACT. Under rules
13 promulgated by the ~~board~~ department under s. 565.02 (3) (b) and (4) (a), the
14 administrator may contract with a person for the retail sale of lottery tickets or
15 lottery shares. Retailers shall be selected for contract so as to provide adequate and
16 convenient availability of lottery tickets and lottery shares to prospective buyers.

17 **SECTION 27.** 565.10 (7) (b) of the statutes, as affected by 1995 Wisconsin Act 27,
18 is amended to read:

19 565.10 (7) (b) The administrator may, under rules promulgated by the ~~board~~
20 department, contract for a period that is shorter than 3 years in order to stagger
21 lottery retailer contract expiration dates throughout a 3-year period.

22 **SECTION 28.** 565.10 (8) of the statutes, as affected by 1995 Wisconsin Act 27,
23 is amended to read:

24 565.10 (8) CONTRACT FEES. A contract entered into under this section may
25 require payment of a nonrefundable initial application fee or a nonrefundable

1 annual fee for continuation, or both, in an amount promulgated by the ~~board~~
2 department by rule under s. 565.02 (4) (b). A separate nonrefundable fee, in an
3 amount specified in rules promulgated under s. 565.02 (4) (b), may be required for
4 each certificate of authority issued under sub. (11).

5 **SECTION 29.** 565.10 (14) (b) of the statutes, as affected by 1995 Wisconsin Act
6 27, section 6979m, is amended to read:

7 565.10 (14) (b) The basic compensation to be paid to a retailer is 5.5% of the
8 retail price of lottery tickets or lottery shares sold by the retailer. The ~~board~~
9 department may, in the rules promulgated under s. 565.02 (4) (f), provide for the
10 payment of a higher rate of compensation to nonprofit organizations making sales
11 under a contract issued on a temporary basis than the rate of compensation paid to
12 other retailers.

13 **SECTION 30.** 565.10 (15) of the statutes, as affected by 1995 Wisconsin Act 27,
14 is amended to read:

15 565.10 (15) REMITTING PROCEEDS. A retailer shall, on a daily basis, unless
16 another basis, but not less than weekly, is provided by the ~~board~~ department by rule,
17 remit to the department the lottery proceeds from the sale of lottery tickets or lottery
18 shares. The amount of compensation deducted by the retailer, if any, shall be
19 indicated as a deduction from the total remitted.

20 **SECTION 31.** 565.12 (2) of the statutes, as affected by 1995 Wisconsin Act 27,
21 is amended to read:

22 565.12 (2) If the administrator determines that the immediate suspension or
23 termination of a lottery retailer contract entered into under s. 565.10 is necessary to
24 protect the public interest or the security, integrity or fiscal responsibility of the
25 lottery, the administrator may, without prior notice or hearing, suspend for a

1 specified period or terminate the lottery retailer contract by mailing to the retailer
2 a notice of suspension or termination that includes a statement of the facts or conduct
3 that warrant the suspension or termination and a notice that the retailer may, within
4 30 days after the date on which the notice of suspension or termination is mailed,
5 have the suspension or termination reconsidered by the administrator. If, upon
6 reconsideration, the administrator affirms the determination to suspend or
7 terminate the lottery retailer contract, the retailer shall be afforded an opportunity
8 for a hearing before the ~~board~~ department to review the determination of the
9 administrator.

10 **SECTION 32.** 565.12 (3) of the statutes, as affected by 1995 Wisconsin Act 27,
11 is amended to read:

12 565.12 (3) The ~~board~~ department shall render the final decisions under s.
13 227.47 for all terminations and suspensions under subs. (1) and (2).

14 **SECTION 33.** 565.17 (5) (title) of the statutes, as affected by 1995 Wisconsin Act
15 27, is amended to read:

16 565.17 (5) (title) ~~BOARD MEMBERS AND EMPLOYES; CERTAIN~~ CERTAIN DEPARTMENT
17 EMPLOYES.

18 **SECTION 34.** 565.17 (5) (a) of the statutes, as affected by 1995 Wisconsin Act 27,
19 is repealed and recreated to read:

20 565.17 (5) (a) No employe of the department who performs any duty related to
21 the state lottery or the executive assistant or the secretary or deputy secretary of
22 revenue and no member of such a person's immediate family, as defined in s. 19.42
23 (7), may purchase a lottery ticket or lottery share.

24 **SECTION 35.** 565.25 (1m) of the statutes, as affected by 1995 Wisconsin Act 27,
25 section 6981b, is amended to read:

1 565.25 (1m) SCOPE OF AUTHORITY. Subject to approval by the ~~board~~ secretary of
2 revenue, the administrator may determine whether lottery functions shall be
3 performed by department of revenue employes or by one or more persons under
4 contract with the department of administration, except that no contract may provide
5 for the entire management of the lottery or for the entire operation of the lottery by
6 any private person. The department of administration may contract for
7 management consultation services to assist in the management or operation of the
8 lottery. The department of administration may not contract for financial auditing
9 or security monitoring services, except that, if the department of administration
10 delegates under s. 16.71 (1) to the department of revenue the authority to make a
11 major procurement, the department of revenue may contract with the department
12 of administration for ~~warehouse and building protection~~ any security services
13 relating to the state lottery. If the department of administration delegates under s.
14 16.71 (1) to the department of revenue the authority to make a major procurement,
15 the department of revenue shall assume the powers and duties of the department of
16 administration and the administrator shall assume the powers and duties of the
17 secretary of administration under this section and ss. 16.70 to 16.77, except under
18 ss. 16.72 (4) (a), 16.76 (1) and 16.77 (1).

19 **SECTION 36.** 565.25 (2) (a) 6. of the statutes, as affected by 1995 Wisconsin Act
20 27, is amended to read:

21 565.25 (2) (a) 6. If the department of administration delegates under s. 16.71
22 (1) to the department of revenue the authority to make a major procurement, the
23 award of the major procurement contract is subject to ~~approval by the board~~ and to
24 the requirements in ss. 16.72 (4) (a) and 16.76 (1). Copies of requisitions and

1 contracts for major procurements shall be maintained by the administrator and shall
2 be subject to inspection and copying under subch. II of ch. 19.

3 **SECTION 37.** 565.27 (1) (intro.) of the statutes, as affected by 1995 Wisconsin
4 Act 27, is amended to read:

5 565.27 (1) GAME FEATURES AND PROCEDURES. (intro.) Subject to this section, the
6 rules promulgated under s. 565.02 (3) (d) and (4) (a) and board approval by the
7 secretary of revenue, the administrator shall determine the particular features of
8 and procedures for each lottery game offered. ~~The administrator shall recommend~~
9 ~~to the board for promulgation by rule under s. 565.02 (3) (d) the types of state or~~
10 ~~multistate lottery games to be offered.~~ The features and procedures shall be in
11 writing, shall be accessible to the public and shall include all of the following:

12 **SECTION 38.** 565.27 (2) (a) of the statutes, as affected by 1995 Wisconsin Act 27,
13 is amended to read:

14 565.27 (2) (a) The actual selection of any winning lottery ticket or lottery share
15 may not be performed by an elected or appointed official, or an employe of the lottery
16 division in the department ~~or a member or employe of the board.~~

17 **SECTION 39.** 565.30 (1) of the statutes, as affected by 1995 Wisconsin Act 27,
18 is amended to read:

19 565.30 (1) PAYMENT OF PRIZES. The administrator shall direct the payment of a
20 prize to the holder of the winning lottery ticket or lottery share or to a person
21 designated under sub. (2), except that a prize may be paid to another person under
22 a court order or to the estate of a deceased prize winner. ~~The board, department,~~
23 administrator, state and any contractor for materials, equipment or services of the
24 game in which the prize is won are discharged of all liability upon payment of the
25 prize to the holder of a winning lottery ticket or lottery share.

1 **SECTION 40.** 565.30 (3) (b) of the statutes is amended to read:

2 565.30 (3) (b) *Retailer bonuses.* Any bonuses offered by the ~~board~~ department
3 to retailers who sell winning lottery tickets or lottery shares shall be paid to the
4 retailer regardless of whether the prize is claimed if the retailer can be identified as
5 the seller of the winning ticket or share.

6 **SECTION 41.** 565.30 (5) of the statutes is amended to read:

7 565.30 (5) WITHHOLDING OF DELINQUENT STATE TAXES, CHILD SUPPORT OR DEBTS
8 OWED THE STATE. The administrator shall report the name, address and social security
9 number of each winner of a lottery prize equal to or greater than \$1,000 to the
10 ~~department~~ secretary of revenue to determine whether the payee of the prize is
11 delinquent in the payment of state taxes under ch. 71, 72, 76, 77, 78 or 139 or in
12 court-ordered payment of child support or has a debt owing to the state. Upon
13 receipt of a report under this subsection, the ~~department~~ secretary of revenue shall
14 first ascertain based on certifications by the department of health and family
15 services under s. 46.255 (2) whether any person named in the report is currently
16 delinquent in court-ordered payment of child support and shall next certify to the
17 administrator whether any person named in the report is delinquent in
18 court-ordered payment of child support or payment of state taxes under ch. 71, 72,
19 76, 77, 78 or 139. Upon this certification by the ~~department~~ secretary of revenue or
20 upon court order the administrator shall withhold the certified amount and send it
21 to the ~~department~~ secretary of revenue for remittance to the appropriate agency or
22 person. At the time of remittance, the ~~department~~ secretary of revenue shall charge
23 ~~its~~ the department's administrative expenses to the state agency that has received
24 the remittance. The administrative expenses received by the department of revenue
25 shall be credited to the appropriation under s. 20.566 (1) (h). In instances in which

1 the payee of the prize is delinquent both in payments for state taxes and in
2 court-ordered payments of child support, or is delinquent in one or both of these
3 payments and has a debt owing to the state, the amount remitted to the appropriate
4 agency or person shall be in proportion to the prize amount as is the delinquency or
5 debt owed by the payee.

6 **SECTION 42.** 565.32 (1) of the statutes, as affected by 1995 Wisconsin Act 27,
7 is amended to read:

8 565.32 (1) PROMOTIONAL ADVERTISING PROHIBITION. The expenditure by the
9 ~~board~~, department or any other state agency of public funds or of revenues derived
10 from lottery operations to engage in promotional advertising of the state lottery or
11 any multistate lottery is prohibited.

12 **SECTION 43.** 565.32 (3) (a) (intro.) of the statutes, as affected by 1995 Wisconsin
13 Act 27, is amended to read:

14 565.32 (3) (a) (intro.) Any advertising, as defined by the ~~board~~ department by
15 rule under s. 565.02 (3) (f), of the lottery which describes a specific lottery game and
16 each lottery ticket and lottery share shall include:

17 **SECTION 44.** 565.37 (3) of the statutes, as affected by 1995 Wisconsin Act 27,
18 is amended to read:

19 565.37 (3) DEPARTMENT REPORT. The department shall submit quarterly reports
20 on the operation of the lottery to the chief clerk of each house of the legislature, for
21 distribution to the legislature under s. 13.172 (2) and to the governor, attorney
22 general, state treasurer, secretary of state, ~~board~~ and state auditor.

23 **SECTION 45.** 565.37 (4) of the statutes, as affected by 1995 Wisconsin Act 27,
24 is repealed.

1 **SECTION 46.** 565.40 (1) of the statutes, as affected by 1995 Wisconsin Act 27,
2 is amended to read:

3 565.40 (1) INVESTIGATIONS. The department of justice may investigate any
4 activities by ~~the board~~, vendors, or employes in the department, which affect the
5 operation or administration of the state lottery or any multistate lottery in which the
6 state participates, and shall report suspected violations of state or federal law to the
7 appropriate prosecuting authority.

8 **SECTION 47.** 565.46 of the statutes, as affected by 1995 Wisconsin Act 27, is
9 amended to read:

10 **565.46 Minority advertising, procurements, retailers and hiring.** The
11 ~~board~~ department shall promulgate rules establishing goals that attempt to increase
12 the total amount of expenditures by the department for advertising, public relations
13 and other procurements that are directed to minority businesses, the number of
14 retailers that are minority businesses and the number of employes of the lottery
15 division in the department who are minority group members.

16 **SECTION 48.** 1995 Wisconsin Act 27, section 9123 (6ps) (f) is amended to read:

17 [1995 Wisconsin Act 27] Section 9123 (6ps) (f) *Rules and orders.* All rules
18 promulgated by the gaming commission that relate to the state lottery and that are
19 in effect on July 1, 1996, remain in effect until their specified expiration date or until
20 amended or repealed by the ~~gaming board~~ department of revenue. All orders issued
21 by the gaming commission that relate to the state lottery and that are in effect on
22 July 1, 1996, remain in effect until their specified expiration date or until modified
23 or rescinded by the ~~gaming board~~ department of revenue.

24 **SECTION 49. Nonstatutory provisions.**

1 (1) GAMING BOARD. If this subsection first takes effect after July 1, 1996, all
2 rules that relate to chapter 565 of the statutes that are in effect before the effective
3 date of this subsection shall remain in effect until their specified expiration date or
4 until amended or repealed by the department of revenue. All orders that relate to
5 chapter 565 of the statutes that are in effect before the effective date of this
6 subsection shall remain in effect until their specified expiration date or until
7 amended or rescinded by the department of revenue.

8 **SECTION 50. Initial applicability.**

9 (1) SOCIAL SECURITY NUMBER REQUIREMENT. The treatment of section 79.10 (10)
10 (bm) of the statutes first applies to property taxes levied in 1996.

11 (2) FALSE LOTTERY CREDIT CLAIMS. The treatment of sections 25.75 (1) (c) (intro.)
12 and (2) and 79.10 (10) (f) of the statutes first applies to property taxes levied in 1996.

13 **SECTION 51. Effective dates.** This act takes effect on the day after
14 publication, except as follows:

15 (1) LOTTERY FUND. The treatment of section 25.75 (1) (c) (intro.) and (2) of the
16 statutes takes effect on December 1, 1996.

17 (2) TRANSFER OF LOTTERY FUNCTIONS. The treatment of sections 16.84 (title) and
18 (3), 20.505 (5) (ka), 20.566 (8) (v), 561.02, 561.06 (1), (2), (3) and (4), 565.017, 565.02
19 (1) (a) and (b) 4., (2) (b) and (c) 3., (3) (intro.) and (b) 6. and (4) (intro.), 565.05 (1)
20 (intro.) and (a), 565.10 (1), (7) (b), (8), (14) (b) and (15), 565.12 (2) and (3), 565.17 (5)
21 (title) and (a), 565.25 (1m) and (2) (a) 6., 565.27 (1) (intro.) and (2) (a), 565.30 (1), (3)
22 (b) and (5), 565.32 (1) and (3) (a) (intro.), 565.37 (3) and (4), 565.40 (1), 565.46 and
23 chapter 561 (title) of the statutes take effect on July 1, 1996, or on the day after
24 publication, whichever is later.

25 (END)